



## *History of TVA Retirees Association 1966-1998*

The Retirees Association came about as part of a “rush job” in 1966. By that time TVA itself was 33 years old, and its Retirement System had been in place since 1939.

The TVA Retirement System had been based on a plan developed by a joint employee-management committee, using the latest ideas in business and government about providing pension benefits. TVA was still a young organization then, with fewer than 100 retirees by 1939.

This model Retirement System served TVA retirees well. But as the number of retirees grew over the next 25 years, and changing economic conditions affected fixed incomes, there began to be discussions about the need for some kind of organization to provide a single responsible voice for TVA retirees.

The four Knoxville retirees most active in these discussions all had experience with TVA personnel and retirement matters: Harry B. Tour, Harry Wiersema, Lloyd Huntington, and E. B. Schultz.

### THE IMPACT OF MEDICARE

The need for a retiree organization became urgent after Congress passed Medicare legislation in the mid-1960's, creating a national healthcare program for all Americans age 65 and over. Most TVA retirees were in that age group, and they had been allowed to continue their coverage under TVA's Blue Cross/Blue Shield Comprehensive Plan for active employees.

With Medicare alone, they would soon have less adequate medical coverage than they had under the TVA employee plan.

When the Knoxville group learned in April 1966 that TVA was considering dropping retirees from the TVA medical plan, they invited other retirees from the TVA medical plan, they invited other retirees in the Knoxville area to a meeting to discuss creating a retirees' organization.

On May 5, the Knoxville group met with representatives of the Retirement System and Blue Cross. They were told that the Retirement System Insurance Committee had developed a group plan to supplement Medicare benefits, and Blue Cross agreed to make it available to retirees.

But there was a big catch. At least half of all TVA retirees and beneficiaries would have to sign up for the new supplemental coverage by June 1 – just a few weeks away. That would mean getting about 750 to participate.

The new retirees group prepared a letter explaining the new coverage and urging to send out the letter with an enrollment form. The 50 percent subscription goal was reached before June 1, and the new supplemental group medical contract for retirees took effect July 1, 1966.

### ORGANIZING VALLEYWIDE

This important effort for retiree medical coverage helped create broader interest in the new Retirees Association. In May 1966 retirees in the Chattanooga and Muscle Shoals areas met to begin organizing local chapters.

In August Mr. Tour presented a statement to the Retirement System Board with several proposals for consideration:

- (a) TVA contributions to retiree health insurance premiums,
- (b) Cost-of-living adjustments in pension benefits,
- (c) Permission for a retiree representative to be part of or observe the Retirement Board's meetings.

All of these steps would eventually come about, in one form or another.

Meanwhile the local groups continued to organize and expand. In October 1967 the active retirees in Muscle Shoals, Chattanooga, Knoxville and Nashville authorized formal creation of a Valleywide organization. By-laws were adopted in November, and an announcement of this action was sent to all TVA retirees.

A Board of Directors was established, made up of the chapter presidents. The initial Board included Kenneth Hapgood and Rufus Partain of Chattanooga, Harry Wiersema and J. Harry Scott of Knoxville, Donald Dugger of Muscle Shoals, and Marshall Johnson of Nashville.

The Retirees Association in the mid-1970's began working to encourage wider participation among TVA retirees, and creation of more local chapters. By the late 1980's this would result in 20 active chapters across the TVA region and one in Florida. By the late 1990's TVARA had more than 6,000 members.

Chapter presidents and Valleywide officers hold quarterly Board meetings at Nashville to plan activities, exchange information, and set policies for the Association.

### RETIREEES NEWSLETTER

The TVA Retirees Newsletter had modest beginnings. In 1971 Wylie Bowmaster, treasure of the Knoxville Chapter, began sending out a periodic notice showing which chapter members had paid dues. Along with that list he provided some news items of interest to retirees.

The Bowmaster newsletter was so popular that in 1973 it was expanded to become the Association's quarterly publication for distribution to retirees nationwide.

The Retirees Association uses this newsletter, and local chapter meetings, to inform retirees about developments affecting them. This includes information about the decisions that individual retirees face from time to time about pension and healthcare options.

For two decades Knoxville, Chattanooga and Muscle Shoals chapters took turns producing and distributing this newsletter. TVA credit unions in those three locations provided the printing, with teams of retirees preparing the bulk mailing.

In the 1990's, because of changes in postal regulations and the huge growth in the retiree mailing list, newsletter printing and distribution were turned over to commercial operations. Most of the dues money from TVARA members goes to cover those costs.

TVA has helped communicate with retirees by distributing its employee publications to retirees as well. In recent years the biweekly newspaper "Inside TVA" has served this purpose. The TVA Retirement System also helps the Association communicate.

### TVARA ACCOMPLISHMENTS

The TVA Retirees Association has continued to represent retirees and work for retiree interests, in cooperation with TVA, the Retirement System, and the employee organizations.

The Association's first accomplishment in 1966 was helping to make possible the Supplement to Medicare Plan for retiree healthcare. Over the years the Association's Insurance Committee has continued to provide a voice for retirees on various healthcare issues.

This includes working with TVA staff in the complex process of balancing this plan's benefits and premium costs to fit the needs of retirees in the Medicare group. (For retirees under age 65 who continue their employee plan coverage, details of those plans are worked out in TVA labor-management negotiations.)

Since the 1960's there have been numerous changes and improvements in the Medicare Supplement Plan to meet changing healthcare situations. These include the current prescription drug plan designed to provide the greatest benefit to those who face the largest drug costs.

### COST-OF-LIVING ADJUSTMENTS

Annual cost-of-living adjustments in pension payments were proposed to TVA and the Retirement System by TVARA at a time when rising inflation rates were beginning to cut into pension incomes. In 1968 the TVA Board approved COLA's proposed by Personnel Director John Massey, and these were expanded the following year. Without those annual adjustments, retirees would have seen the purchasing power of their pension benefits cut in half by the inflation of the next 15 years.

### HELP WITH HEALTHCARE COSTS

Another proposal by TVARA was a TVA contribution to retiree medical coverage premiums. A \$5 monthly contribution was adopted in 1977, when the Medicare Supplement premium was only \$7.50 a month.

In 1990, after rapid growth in healthcare costs nationally, the Retirees Association conducted surveys showing the pattern of retiree healthcare support by other government, business, and utility employers in the region. John Bynon headed the survey project. TVARA provided the results to TVA and the Retirement System, pointing out that more than 1100 retirees had dropped their healthplan coverage because of the premium costs.

TVA agreed to provide much larger contributions toward retirees' premiums for TVA healthcare plans. These amounts were based on each retiree's length of TVA service and age at the time of retirement, ranging up to \$150 a month for retired longtime employees. Charles Roper, then Chairman of the Retirement system Boars, had a central role in bringing about this benefit.

By 1998, the Retirement System had built a substantial financial surplus from its management of investments, while TVA had been laying off employees to cut costs in the face of expected power service deregulation and competition. The Retirement System adopted a new supplemental pension benefit to begin in 1999, replacing (and in most cases increasing) the amounts retirees were receiving from TVA.

This supplemental pension benefit is a permanent, vested benefit. The previous TVA contribution was not.

#### A SEAT AT THE TABLE

Retiree representation on the Retirement System Board, the third of the original TVARA proposals, has never been formally adopted. Under the System's original 1939 Rules and Regulations, three of its Directors are named by management, three are elected by employee members, and the seventh is elected by a vote among those six.

However, in 1994 the Retirement System Board of Directors agreed to consider candidates nominated by the Retirees Association for a vacancy on its seventh seat. The Board selected Lewis E. Wallace, a former TVARA President and retiree leader. The following year he was elected Chairman of that Board.

#### RETIREMENT SYSTEM INDEPENDENCE

A great strength of the TVA Retirement System has been the financial independence and integrity built into its basic structure – with TVA as employer having a strong voice in decisions but sharing control with the System's members.

The Retirees Association has worked hard to assure that this independence is maintained. Retiree leaders in the late 1980's and early 1990's became concerned about various internal TVA staff proposals they felt could threaten the System's status.

The Retirees Association made TVA aware of retirees' concerns. The proposals that had raised concerns were rejected or modified, and TVARA got pledges from successive TVA Boards that the independence provided in the System's charter would be respected.

## STRENGTHENING THE TVARA

For many years, Retirees Association membership lists and dues collection were handled primarily by individual local chapters.

In 1993 a computerized TVARA Valleywide membership list was created by George Jacobs in Knoxville, using a computer and office space provided by Bicentennial Volunteers Inc. It was used to keep track of dues payments and send out dues reminders.

As a result, membership in TVARA nearly doubled. This strengthened the Association's effectiveness as a voice for retirees, and provided needed financial help.

In the middle 1990's TVA and the Retirement System established closer working relationships with Retirees Association. This included regular discussion meetings of retiree representatives with TVA Board members and officials, as well as meetings with TVARS Board and quarterly briefings on the System's financial condition.

The Association also had no quick way to share information among its officers, chapters, and committees across the region. In 1997 a system of Internet e-mail communication was set up. TVA agreed to provide surplus personal computers where needed (surprisingly, nearly all the chapters and TVARA officers already had access to PC's and the Internet.)

## OTHER ACTIVITIES

Some of the work of TVARA on behalf of retirees is not related to TVA matters. For example, in 1966 the State of Alabama had exempted the pension benefits of Civil Service retirees from state income taxes, but did not include TVA and military retirees.

After long efforts to correct this inequity through the Alabama legislature, in 1988 Bernie Zellner and seven other members of the Muscle Shoals TVARA Chapter brought a successful class action suit to achieve equity. As a result, the pensions of several thousand TVA retirees in Alabama are now exempt from Alabama's 5-percent state income tax.

## RETIREES' ANNUAL PICNIC

The first TVA Retirees' Picnic in 1976 was a pot-luck affair at Norris Dam State Park, attended mostly by Knoxville-area retirees. This event has grown since to a Valleywide reunion attended by well over a thousand retirees and spouses each year.

In recent years it has been held at Guntersville, Alabama. It is organized by the Retirees Association, with TVA as host and extensive groundwork by the Northeast Alabama Chapter, the BVI staff, and the Guntersville community.

## RETIREE SUPPORT FOR TVA

The Retirees Association is an independent organization dedicated to the interest of retirees. It sets its own policy positions and does not hesitate to make these views known, even when they have not always agreed with actions of TVA's management at the time.

However, retirees who are active in this Association tend to have a continuing interest in the success of the organization where they served for years. When there are outside threats to TVA and the interests of the region's people, TVARA often joins with other regional organizations in defending those interests by contacting decision-makers and opinion leaders here and in Washington.

In recent times this has included legislative issues concerning deregulation of the electric utility industry. TVARA supports legislation that would recognize the unique pattern of power supply in this region and permit TVA to operate on an equal footing with its competition in a restructured power industry.

TVARA also has supported congressional appropriations to continue funding TVA nonpower programs. It opposes proposals that would treat this region differently from other regions of the country in funding such programs as flood control and river navigation.

When it appeared that Congress would not provide appropriations to fund TVA nonpower programs in fiscal year 1999, TVARA supported a successful effort to obtain funding for basic nonpower costs.

It also supported TVA in seeking authority for early refunding, without penalty, of past TVA borrowings through the Federal Financing Bank. This allowed TVA to repay this FFB debt with proceeds from new bonds sold at lower interest rates.

#### PUTTING VOLUNTEERS TO WORK

The Retirees Association is an organization of volunteers. Its local and Valleywide officers and committee members, past and present, have served without pay.

Before the Nation's Bicentennial celebration in 1976, TVA came to the Retirees Association to ask for another kind of volunteer work. TVA wanted to help celebrate the country's 200<sup>th</sup> birthday with a "Bicentennial Caravan" of exhibits that would travel throughout the region. But staffing this exhibit would take more manpower that TVA could provide.

TVA asked if retirees could help. TVARA agreed. Bicentennial Volunteers Inc., a state-chartered nonprofit organization, was created and TVA contracted with BVI to manage and staff the project with volunteers.

By the time the caravan completed its 9,000-mile journey, retiree volunteers had contributed 60,000 free hours of work.

A few years later volunteers were needed again to staff a large exhibit on barges for the 1982 Knoxville World's Fair. This exhibit also would travel to communities along the region's rivers in 1983 for TVA's 50<sup>th</sup> Anniversary celebration. BVI was reactivated and again retiree volunteers did the job.

A TVA staff member who worked with all of these events, Russell Allen, said the retirees "were the best goodwill ambassadors TVA could have."

The effectiveness of retiree volunteers in these specific assignments led to the idea that retirees could serve a variety of needs for TVA and other agencies. In 1984 TVA and BVI revised their contract to provide that BVI would administer a broad program of activities, taking advantage of retirees' varied experience and skills.

Since that time BVI has contracted with TVA and other agencies, public and private organizations, universities and others in providing hundreds of assignments for TVA retirees in 38 states and several foreign nations.

## ACKNOWLEDGEMENTS

This history was prepared by Lee Sheppard in 1998.

Sources include:

- "TVA Retirees Association, the First Ten Years," Marvin Shadel, 1975.
- "A Short History of Bicentennial Volunteers, Inc.," Tony Holmes, 1997.
- Files of the Retirees Association and TVA Retirees Newsletter.

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## TVA RETIREES ASSOCIATION

### ACTIVE CHAPTERS (1998)

Browns Ferry	Johnsonville	Northeast Alabama
Chattanooga	Kingston	Paducah
Cleveland	Knoxville	Paradise
Florida	Memphis	Pickwick
Gallatin Area	Mississippi	Upper East Tennessee
Huntsville	Muscle Shoals	Watts Bar
Jackson	Nashville	Western Area

### GROWTH IN MEMBERSHIP

From the organization's beginning in 1967, paid membership grew to 2,000 retirees by 1984. As the number of TVA retirees grew, membership reached 3,500 in 1990. Then it nearly doubled in the 1990's, and totaled about 7,600 in 1998.

### VALLEYWIDE PRESIDENTS OF TVARA

Harry Scott 1968  
Nathan Way 1969  
Rufus Partain 1970  
Hendon Johnson 1971  
Edwin Shelley 1972  
Sherrill Milliken 1973  
Wylie Bowmaster 1974  
Charles Davidson 1975-76  
Henry Carr 1977  
L. J. Van Mol 1978-79  
M. Graham Wells 1980-81  
Godwin Williams 1982-83  
W. Dave Thompson 1984-85  
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Benton P. Dana 1986-87  
Edward H. Lesesne 1988  
Horace H. Mull 1989  
Lewis E. Wallace 1990-91  
Jack E. Gilleland 1992  
Clem C. Schonhoff 1993  
Edgar M. Gober III 1994-95  
Bernie Zellner 1996-97  
Earl Evans 1998-1999  
John Bynon 2000-2001  
Larry Edwards 2002  
Pat Miller 2003-2004  
W. E. (Buster) Smith 2005-2006  
Ron Loving 2006